

Over-The-Counter Drugs

The IRS has issued a Revenue Ruling (2003-102) that changes the guidelines regarding Over-The-Counter medications or drugs (OTC's). Over-The-Counter drugs are those items that do not require a prescription from your doctor.

This is an exciting change for those who have enrolled in a flexible spending account (FSA) available through your employer. For the first time, those participants may be reimbursed for expenses such as antacids or cold remedies from their FSA.

What does this mean to you?

- 1) OTC drugs can now be reimbursed from pre-tax dollars through your FSA. This gives you even greater tax savings than available in the past.
- 2) When planning your future election, keep in mind how much you expect to spend on OTC drugs to take full advantage of this benefit.
- 3) You may **not** change your current year election.
- 4) You may submit a request for reimbursement for OTC expenses already incurred anytime during your current plan year, as long as you can provide documentation which substantiates the expense. WFFBS can **not** automatically go back to previously denied claims and calculate reimbursement amounts.
- 5) Documentation must include the following:
 - a. The name of the drug or item purchased,
 - b. The date of the purchase,
 - c. The amount of the purchase.
- 6) To help you determine whether an expense qualifies under your FSA, remember the IRS has stated that eligible expenses must be made for "Medical care". This is defined as amounts paid for the "diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body". See the chart on the next page for examples.
- 7) Items that are merely beneficial to an individual's general good health, such as vitamins or dietary supplements, are not expenses for medical care, and therefore are not reimbursable with pre-tax dollars. See the chart on the next page for examples.
- 8) Your employer may restrict reimbursement of these expenses under your particular plan. They will communicate this to you if applicable.
- 9) OTC drug quantities you purchase must be limited to a reasonable supply.
- 10) Drugs must be purchased legally.
- 11) There may be situations when your doctor recommends a treatment that will be good for your health, but it still may be considered ineligible, such as a vacation.

Examples of eligible expenses

Allergy medicine	Contact lens cleaning and wetting solution	Nasal strips
Antacid	Cough drops & throat lozenges	Nicotine gum or patches for smoking cessation
Anti-diarrhea medicine & laxatives	First aid cream & antibacterial ointment	Ointment or cream for sunburn
Band-Aids, bandages & gauze pads	First aid kits	Pain reliever
Calamine lotion & bug bite medication	Incontinence supplies	Pregnancy test kit
Carpal tunnel wrist support	Liquid adhesive for cuts	Reading glasses
Cold & flu medicine	Menstrual cycle products for pain & cramp relief	Sinus medication & nasal sinus sprays
Cold/hot packs for injuries	Motion sickness pills	Suppositories and creams for hemorrhoids
Condoms & spermicidal foam	Muscle or joint pain reliever	Thermometer
		Wart remover treatment

Examples of expenses requiring a medical doctor's note

Arthritis treatment	Nasal spray for snoring	Vitamins (to treat a medical condition)
Chinese herbs, naturopathic, & dietary supplements	Orthopedic shoes and inserts (price difference only)	Weight loss drugs
Depression medication	Sleeping aids	
Hormone therapy	Sunscreen	
Lactose intolerant pills	Topical creams	

Examples of non-eligible expenses

Chapstick	Mouthwash	Toothpaste
Cosmetics	NoDoz	Vaseline
Deodorant	One-a-day vitamins	Weight scales
Face cream, suntan lotion, & moisturizers	Sleeping pills	Vacation or travel for medical reasons
Medicated shampoo & soap	Tissues	
	Toiletries	
	Toothbrush	